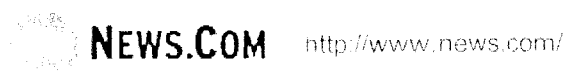


Attachment 9



Dell's exploding computer and other image problems

By Damon Darlin

Story last modified Mon Jul 10 06:01:22 PDT 2006

A Dell notebook computer that burst into flames last month in Osaka, Japan, has damaged more than just the conference table where it sat smoldering. The incident, publicized in photos on the Internet, has also hurt Dell's recent attempts to improve its image.

The company said the incident got more publicity than such incidents usually do when they happen to other manufacturers. In part, that is because Dell's reputation for responsive customer service was already under attack after the company, the world's largest PC manufacturer, started to cut costs at its call centers last year. Dell, reacting to the savaging it has received on blogs and Web sites over the cuts, recently responded with a program to spend more than \$100 million to improve service.

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Photos of the flaming and smoking notebook were posted on a technology news Web site called the Inquirer on June 21. The story was passed around to other Web sites and blogs like Consumerist.com. It was also the subject of a brief article carried later that day on the Dow Jones Newswires.

Two days later, Cindy Shaw, a securities analyst with Moors & Cabot, notified her clients about the publicity. Last Thursday, citing reports of a second smoking laptop, this one in Pennsylvania, she advised them that "should this story also hit the mainstream press, we believe there is headline risk and potentially negative demand ramifications for Dell."

Bob Pearson, vice president for corporate group communications at Dell, called Shaw's reaction "somewhat irresponsible."

Shaw said neither she nor her firm had made any financial bets that the company's stock would fall. She does, however, recommend that clients sell the shares.

So far, though, Dell's stock price has been largely unaffected.

Dell said its engineers examined and tested what remained of the flaming notebook computer for several days to find the source of the problem. They concluded that the fire was caused by a faulty lithium ion battery cell, but that the problem was unrelated to a recall last year of notebook batteries by the company and several other computer makers.

"It's very, very rare to have a thermal incident," Pearson said.

Dell said that it found no pattern of battery failure and that the Pennsylvania incident publicized by the Inquirer Web site was caused by a chip problem and not batteries.

The company also directed reporters' attention to a statement by Norm England, chief executive of the Portable Rechargeable Battery Association, that said, "Based on the millions of lithium ion batteries in use today and the exceptionally small number of cases in which a battery malfunction has occurred, we believe these batteries are safe and reliable." He also said that more

than two billion lithium ion cells would be manufactured in 2006.

For any company trying to repair its image, any bit of bad news hurts. Teresa Valdez Klein, who has commented on Dell's customer care troubles before on the Blog Business Summit Web site, compared Dell's public relations problems to those of Britney Spears. "The blogosphere latches onto the story and runs with it--drowning out anything good or redeeming that the company might say," she wrote.

Pearson said the customer with the melted notebook had been given a new one.

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Dell blames battery for exploding notebook

Eyewitness update

By: INQUIRER newsdesk Thursday 29 June 2006, 22:49

PICTURES OBTAINED by the INQUIRER have caused a kerfuffle in Webland.

Millions have been flocking to view the pics of a Dell laptop exploding mid-keynote at a conference in Osaka.

Behind the scenes, grey-suited Dell executives have managed to track down the exploding machine before swooping to lock it behind closed doors.

Deep within a Dell bunker at an undisclosed location, technicians in white have determined what we all knew to be true: the battery pack blew up.

The laptop exploded during a conference organised by the Open Mobile Alliance.

The Alliance gathering at the New Otani hotel in Osaka, from June 12-16, had enjoyed some lively sessions.

But the sessions took a livelier turn after the computer burst into flames as delegates were settling down for a discussion.

"The initial explosion came from the front-left of the laptop, towards the owner who was facing it," an eyewitness told the INQUIRER.

"Subsequent explosions followed the same sort of exhaust pipe, thus the screen was not directly affected," said our source, now known as Gaston.

"I am quite sure that no one will ever type on this piece of junk again after the incident, though," he added.

No-one was injured in the explosion.

The owner of the laptop was said to be working for an American telecommunications company, but our source declined to reveal more "out of respect for the owner of the laptop and other attendees".

"All his colleagues used Dell laptops too, and the incident must have spelled some anxiety throughout their company for years to come.

"There was damage to one table and mess of the fire extinguisher throughout the room, which was closed for the rest of the day," said Gaston.

Dell fessed up to ownership of the exploding machine. In a statement to the INQUIRER, Dell said its investigations had so far concluded that the incident, "involved a fault in a battery cell".

The computer maker said its investigation into the incident is continuing.

It said it is fully committed to product quality and safety. μ

